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April 4, 2019

TO: Each Supervisor

FROM:  Antonia Jiménez, Director

SUBJECT: **BOARD MOTION: SUPERVISORS SOLIS AND KUEHL –
DECEMBER 18, 2018 MEETING RE: SUPPORT OUR CalWORKs
PROGRAM WORKING FAMILIES**

Executive Summary

This is to provide you with a response to the December 18, 2018 Board Motion instructing the Department of Public Social Services (DPSS) in consultation with the Chief Executive Office (CEO) to report back on the following:

- 1) Analyze the impact of the increases to the minimum wage to the CalWORKs Program;
- 2) Conduct an analysis of the Earned Income Disregard (EID) levels for both CalWORKs applicants and recipients; and
- 3) Submit a legislative proposal to amend the EID levels in the CalWORKs Program to help families continue to access CalWORKs benefits and services, such as child care, employment, and transportation services that will help them remain employed and help prevent them from becoming homeless.

Background

The California Work Opportunity and Responsibility to Kids (CalWORKs) Program is California's version of the federal Temporary Assistance for Needy Families (TANF) Program. CalWORKs provides cash assistance to families to help meet basic needs and it provides Welfare-to-Work (WtW) services to eligible individuals.

To be eligible for CalWORKs, in most cases, at least one family member must be a citizen or legal resident and there must be a minor child in the home. Families must also meet income and asset thresholds and children must be deprived of parental support or care due to death, absence, incapacity, or unemployment. Eligible parents/caretakers are required to participate in the Greater Avenues for Independence (GAIN) Program. The GAIN Program is Los Angeles County's WtW Program for families receiving CalWORKs.

Impact of Increases to the Minimum Wage to the CalWORKs Program

The County increased the minimum wage in July 2016 and subsequent increases will occur every July through 2020. To assess the impact of the minimum wage increase on CalWORKs, the Department conducted an analysis of cases with employment income. The results were used to project the number of cases that would be discontinued after July 2018 because they exceed the CalWORKs income threshold. An identical exercise was applied to the caseload using the 2019 and 2020 planned minimum wage increases.

The chart reflects the results of the Department's analysis and shows the number of cases projected to be discontinued because they exceed the CalWORKs income threshold:

Year	County Minimum Wage	Projected Cases Discontinued for Exceeding Income Threshold
2018	\$13.25	3,100
2019	\$14.25	1,100
2020	\$15.00	700

Since reporting requirements for CalWORKs cases vary, the discontinuances do not occur immediately, but are spread over a 12-month period. To confirm the projections, the Department reviewed data for the latter part of 2018 following the July increase. The data confirms that the relative percentage of CalWORKs case discontinuances due to excess income increased from 18.78% in January 2010 to 31% in November 2018 and the number of cases being discontinued due to income is about 15%.

Analysis of the CalWORKs EID

The State's monthly CalWORKs cash grant amounts increased by 10% in April 2019 and will increase by 13% in October 2019. These families will not benefit from these CalWORKs grant increases and will also lose their no Share of Cost Medi-Cal, as well as reduced access to training, child care, transportation, mental health, substance use disorder, domestic violence and ancillary and work-related expenses.

The CalWORKs monthly cash grant is based on family size, for example a family of 3 will obtain an average CalWORKs grant of \$785. However, a CalWORKs working family with income will receive a reduced grant amount based on the countable income after the disregards are applied. For example, the CalWORKs grant for a family who works 30 hours a week and earns \$13.25 an hour is as follows:

Example of the Recipient EID Calculation

Monthly CalWORKs Grant for a Family of 3	EID	Impact on Grant
CalWORKs Grant		\$785
Monthly Income 30 hours a week /\$13.25 an hour	\$1,721	
Minus Current EID for a family of 3	(\$225)	
Minus Add'l 50 Percent Disregard	(\$748)	
Subtotal	\$748	
Minus Countable Income		(\$748)
Cash Grant Family is Entitled to Receive		\$37

The family will get a total grant amount of \$37 along with CalFresh and no Share of Cost Medi-Cal that is included with CalWORKs as well as an array of homeless services available to CalWORKs families. Additionally, WtW eligible families will continue to have access to training, child care, mental health, substance use disorder, and domestic violence services; and work-related expenses for transportation, clothing, and books.

To determine whether the EID has impacted CalWORKs families, the Department compared the EID to other related factors such as the County minimum wage and CalWORKs grant. The EID has remained at its original 1998 levels which has reduced working families access to CalWORKs. For example, a typical CalWORKs family that is successful in obtaining employment will lose eligibility to CalWORKs when their monthly earnings reach about \$1,800. At the current County minimum wage, that will occur when they work a little over 31 hours per week.

Unlike the EID, the minimum wage and the CalWORKs grant amount have seen the following increases since 1997:

- The CalWORKs grant has increased incrementally and is almost 40 percent higher than when the program began. In 1997, it was \$565 for a family of three. In April 2019, it increased to \$785.
- The minimum wage has increased incrementally from \$5.00 in 1997 to \$13.25 as of July 2018. This is an overall increase of approximately 165 percent.

Since the EIDs have not increased, there has been an increase in the number of CalWORKs applications denied and cases discontinued due to income from employment. While this analysis was specific to the Los Angeles County minimum wage, the same conclusions apply more broadly throughout California as the State minimum wage increases.

Legislative Proposal CalWORKs – Increase to the Applicant and Recipient Earned Income Disregards

Even with the minimum wage increases and the CalWORKs grant increases, it is difficult for families to attain self-sufficiency. While CalWORKs alone cannot be the answer, the services it provides are a vital tool for working families. With that in mind, DPSS in collaboration with the California Welfare Directors Association (CWDA) crafted a legislative proposal to modify the CalWORKs EID.

The proposal was presented to the CWDA in October 2018. Assembly Member Mark Stone representing Santa Cruz and Monterey, California has been secured as the bill's author (AB 1436). The Department is working with CWDA and the California Department of Social Services to determine a financial impact of changes to the EID. In addition, we will continue to work with CWDA and the County lobbyist in Sacramento to move the bill forward.

Please let me know if you have any questions or need additional information, or your staff may contact me at (562) 908-8383 or by email at AntoniaJimenez@dpss.lacounty.gov.

AJ:ca

c: Chief Executive Office
Executive Office, Board of Supervisors
County Counsel